Brown, Brian (TM)

From: TMFeedback
Sent: Friday, January 07, 2011 4:41 PM
To: Brown, Brian (TM)
Subject: FW: Small Business Study
Attachments: Comments on Trademark Litigation Study revised.doc

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From: Darlene Seymour (b)(6)
Sent: Friday, January 07, 2011 4:08 PM
To: TMFeedback
Subject: Small Business Study

Please find attached our comments to the questions related to this study. Thank you

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Comments on Trademark Litigation Study:

1. Please identify whether you are a trademark owner or practitioner, and the general size and nature of your business or trademark practice, including the number of trademark applications and registrations your business has, or your practice handles. Please note that the USPTO will fully consider any comments you submit, even if you choose not to identify yourself in a particular manner.

> Continental Enterprises is an intellectual property investigation and consulting firm, concentrating in the area of trademarks. Continental assists trademark holders with identifying and resolving instances of trademark infringement.

2. In approximately the last 5 years, please describe any instances of which you have first-hand knowledge where a small business may have been the target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

> N/A

3. Please describe situations where you have been involved in receiving a cease-and-desist letter. Anecdotal information might include, but is not limited to, a description of whether the letter resulted in the small business ceasing its use of one or more marks, or whether the sender of the cease-and-desist letter withdrew or abandoned its demands against the small business owner.

> N/A

4. Please describe situations where you have been involved in trademark litigation in state or federal courts. Anecdotal information might include, but is not limited to, a description of whether the lawsuit settled on the basis of the small business agreeing to cease its use of one or more marks, or on the basis of the plaintiff withdrawing or abandoning its trademark-related allegation(s). Alternatively, relevant information might include whether such lawsuits resulted in a court judgment and the nature of the judgment (such as requiring the small business to cease its use of one or more marks, assessing monetary liability (damages, lost profits, or attorneys' fees) against the small business, requiring the plaintiff to pay the defendant's attorneys' fees, or imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure).

> Continental Enterprises has been involved in litigation on behalf of trademark owners who, by law, are required to enforce and protect their trademark and trade dress rights against the unauthorized use by others. Most often these lawsuits settle prior to final judgment not because the claims of the trademark owner are unfounded, but because the defendant is intentionally using the trademark owners' registered and/or well-established marks. While informal, pre-litigation resolution is always preferred, unfortunately, many counterfeiters and infringers refuse to end their use of trademark owners' intellectual property until the owner brings litigation.

5. Please describe situations where you have been involved in opposition/cancellation proceedings instituted at the USPTO against small business owners. Anecdotal information

might include, but is not limited to, a description of whether the proceedings settled on the basis of the small business agreeing to abandon its application(s) for one or more marks, or whether the proceedings settled on the basis of the plaintiff withdrawing or abandoning its notice of opposition or cancellation petition. Alternatively, relevant information might include a description of whether such proceedings resulted in a decision by the USPTO Trademark Trial and Appeal Board ("TTAB") refusing to register/canceling one or more marks owned by the small business, or whether such proceedings resulted in the TTAB imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure.

N/A

6. Do you think trademark "bullies" are currently a problem for trademark owners, and if so, how significant is the problem?

No, we do not see trademark "bullying" as a legitimate issue. The trademark laws evolved as a means to encourage creativity and discourage copying. We have seen very few instances where a trademark owner acts outside the scope of the intended purpose of the law.

To the extent that certain brand owners attempt to utilize trademark laws to disrupt or damage competition, or to illegitimately and preemptively clear a product category for future product entry, yes, this is an issue. However, not every trademark owner that performs its legal duty to protect its intellectual property against the unauthorized use by others via cease and desist letters, litigation or otherwise is a trademark "bully". True instances of "bullying" are relatively rare. These instances must not be allowed to restrict trademark owners from legitimately protecting the rights they have earned in their properties.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

Many areas of civil law could be described as aggressive (i.e. insurance defense, medical malpractice, product liability). It is unreasonable and unwarranted to target the area of trademark law.

Much of trademark litigation is not so much "aggressive" as it is necessarily proactive. In order to successfully protect their trademarks, owners must and, in fact, are required to actively protect against the unauthorized use of their marks. Performance of this obligation is not needlessly "aggressive", but rather is the only way a trademark owner can successfully defend itself.

Further, federal trademark registration is by no means a prerequisite to enforceable trademark rights. Many infringements occur of trademark owners' valid and protectable, but unregistered, trademarks. Protection of valid unregistered marks is often misunderstood, but by no means needlessly "aggressive" or unwarranted.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should the USPTO do?

No, ultimately this issue should remain the responsibility of the judges who enforce trademark law.

9. Do you think the U.S. courts have a responsibility to do something to discourage trademark bullies? If yes, what should the U.S. courts do?

The courts of this country already discourage trademark bullying by making well-reasoned decisions based upon the laws of their jurisdiction. There are procedures in place for dealing with cases brought in bad faith. We should trust our judicial system to make a fair analysis of each complaint and to define the boundaries of trademark law.

True instances of trademark "bullying" are relatively rare. However, when they occur, they are provided with a great deal of attention and publicity. The courts are more than capable of handling all trademark suits before them. Public opinion and a vocal minority of instances must not be allowed to interfere with established judicial procedure.

10. What other U.S. agencies may have a responsibility to do something about the problem?

Small business assistance agencies. Small business owners are, on the whole, less sophisticated about intellectual property matters than are larger corporations. These agencies could provide thorough information about intellectual property use and protection that could save owners a worthwhile amount of aggravation and legal fees. Further, these agencies could create funds that would assist small businesses with counsel and/or litigation expenses in instances where a small business has infringed upon the trademark rights of a trademark owner.

11. Do you think Congress has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should Congress do?

There would only be a responsibility if evidence exists to show that trademark bullying is a genuine problem, not just an extremely isolated occurrence.

12. Please provide any other comments you may have.

In the legal field, there will always be a select few parties who cross the line of good faith. However, agencies and legislators should not place unjustified limitations on the rest of the trademark owners who are simply trying to protect their valuable property.